

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1822 – SB 2247

March 3, 2018

SUMMARY OF ORIGINAL BILL: Authorizes the Department of Human Services (DHS) to issue subpoenas and compel the production of employment records when conducting investigations into the misuse of any program administered by the department. Authorizes the DHS to seek judicial enforcement if a person, firm, or corporation subpoenaed fails to comply with the subpoena after reasonable notice.

Allows families who become financially ineligible for the Temporary Assistance for Needy Families (TANF) program due to an increase in a caretaker's earned income, but continue to meet all other eligibility criteria, to be eligible for transitional temporary assistance for a maximum of six months. Changes the maximum standard grant of TANF per assistance group to 22 percent of the standard of need for one person, with an additional 2 percent for each additional member added to the assistance group.

Requires DHS to implement new procedures for excessive electronic benefits card (EBT) replacement. Requires, rather than authorizes, the DHS, if approved by the United States Department of Agriculture (USDA), to enter into a multi-state cooperative to identify individuals currently receiving Supplemental Nutrition Assistance Program (SNAP) benefits in other states.

For rulemaking purposes, this act shall take effect upon becoming a law. For all other purposes, this act shall take effect December 1, 2018.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – \$106,400/FY18-19
\$47,500/FY19-20 and Subsequent Years

Increase Federal Expenditures – \$106,400/FY18-19
\$47,500/FY19-20 and Subsequent Years

The Governor's proposed budget for FY18-19, on page A-37, recognizes a one-time increase in state expenditures to the General Fund of \$62,000, and a recurring increase in state expenditures to the General Fund in the amount of \$47,500.

SUMMARY OF AMENDMENT (013890): Deletes and rewrites all language after the enacting clause such that the only substantive changes are: (1) subpoenas issued by the DHS that command the production of materials relating to an investigation only cover a reasonable period

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of time, rather than no limitation on time as proposed in the original bill; (2) requires the maximum grants for the TANF program be expressed as a percentage of the standard of need and established either in the annual appropriations act or by rule; (3) authorizes the maximum standard grants for TANF be raised if approved as a line item in the annual appropriations act; (4) prohibits an increase of the maximum standard grants for TANF be approved by rules; and (5) changes the maximum standard grant of TANF for an assistance group size of one to 22 percent of the FY18-19 standard of need for one person; for each additional member added to an assistance group, an additional 2 percent is added to the 22 percent, and the maximum standard grant for each respective assistance group size is the resulting percentage of the FY18-19 standard of need for that assistance group size.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

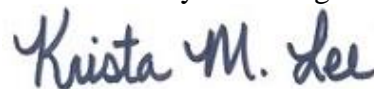
- Passage of this legislation would require the DHS to notify a SNAP recipient of the consequences of requesting more than three EBT replacement cards within a 12-month period and provide the recipient with information regarding fraud, abuse and trafficking of EBT cards. Further, DHS would be required to inform a SNAP recipient that they are being monitored for suspicious activity upon the fourth EBT card replacement within 12 months.
- Based on information provided by the DHS, the department currently contracts with a third-party vender to provide EBT services and will continue to do so. The total one-time increase in expenditures associated with notifying SNAP recipients of the consequences of multiple EBT card replacements is estimated to be \$59,000 and the total recurring increase in expenditures is estimated to be \$15,000.
- This one-time increase in expenditures will receive the standard match of 50 percent state funds and 50 percent federal funds, resulting in \$29,500 ($\$59,000 \times 0.50$) in state funds and \$29,500 ($\$59,000 \times 0.50$) in federal funds.
- The recurring increase in expenditures will receive the standard match of 50 percent state funds and 50 percent federal funds, resulting in \$7,500 ($\$15,000 \times 0.50$) in state funds and \$7,500 ($\$15,000 \times 0.50$) in federal funds.
- If approved by the USDA, the DHS will be required to participate in a multi-state cooperative to identify individuals currently receiving SNAP benefits in other states.
- The total one-time increase in expenditures associated with participating in the multi-state cooperative is \$65,000, and the recurring increase in expenditures is estimated to be \$80,000.
- The one-time increase in expenditures will receive the standard match of 50 percent state funds and 50 percent federal funds, resulting in \$32,500 ($\$65,000 \times 0.50$) in state funds and \$32,500 ($\$65,000 \times 0.50$) in federal funds.
- The recurring increase in expenditures is to cover the cost of annual dues associated with joining a multi-state cooperative. The recurring increase in expenditures will receive the

standard match of 50 percent state funds and 50 percent federal funds, resulting in \$40,000 ($\$80,000 \times 0.50$) in state funds and \$40,000 ($\$80,000 \times 0.50$) in federal funds.

- Due to the effective date of this legislation of December 1, 2018, the recurring increase in expenditures associated with the multiple EBT card replacement notifications (estimated to be \$15,000 above) will only be incurred for seven months of FY18-19, or approximately 58 percent of the fiscal year (7 / 12), and is estimated to be \$8,700 ($\$15,000 \times 58.0\%$). These recurring expenditures receive the standard match of 50 percent state funds and 50 percent federal funds, resulting in \$4,350 ($\$8,700 \times 0.50$) in state funds and \$4,350 ($\$8,700 \times 0.50$) in federal funds.
- However, 100 percent of the recurring expenditures associated with the multi-state cooperative will need to be expended in FY18-19.
- The total increase in state expenditures in FY18-19 is estimated to be \$106,350 ($\$29,500 + \$4,350 + \$32,500 + \$40,000$). The total recurring increase in state expenditures in FY19-20 and subsequent years is estimated to be \$47,500 ($\$7,500 + \$40,000$).
- The total increase in federal expenditures in FY18-19 is estimated to be \$106,350 ($\$29,500 + \$4,350 + \$32,500 + \$40,000$). The total recurring increase in federal expenditures in FY19-20 and subsequent years is estimated to be \$47,500 ($\$7,500 + \$40,000$).
- Based on information from the DHS, any new policies, procedures and additional legal personal time necessary to utilize subpoena authority will be absorbed within existing legal resources.
- Increasing the maximum benefit per assistance group and providing a six-month transitional benefit will increase federal TANF expenditures for the DHS; however, these expenditures will be absorbed within the department's existing TANF block grant. There will not be an increase in state expenditures as the DHS is only required to meet TANF maintenance of effort requirements, which the DHS does on an annual basis under current law.
- Based on information provided by the Administrative Office of the Courts, any fiscal impact to the court system would be absorbed within the existing judicial resources.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/vlh